Regulatory mechanism to fix fertilizer prices

3416. SHRI P.R. RAJAN: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government has decided to constitute a regulatory mechanism in the fertilizer industry to fix prices;

(b) if so, the details thereof; and

(c) whether his Ministry would be taken out of the responsibility to control the fertilizer prices?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) to (c) The Group of Ministers (GoM) constituted to look into the sustainable use of fertilizer and pertinent subsidy and pricing issues has 'in-principle' approved to set up an independent Fertilizer Regulatory Authority. Since the details of the above proposal are not finalized, no definite details can be indicated at this stage.

Rise in prices of life saving drugs

†3417. SHRI JAI PARKASH AGGARWAL: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether prices of medicines/life saving drugs continue to rise;

(b) if so, the percentage of increase in prices of each medicine;

(c) the reasons for frequent increase in prices of medicines/drugs;

(d) whether Government has set up or proposes to set up any high powered Committee for review of price control mechanism of medicines; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) to (c) The 74 bulk drugs specified in the First Schedule of the Drugs (Prices Control) Order, 1995 (DPCO, 95) and the formulations based thereon are under price control and their prices are fixed/revised by the National Pharmaceutical Pricing Authority (NPPA) in accordance with the provisions of the DPCO, 95. Such prices are applicable to manufacturers concerned throughout the country unless otherwise exempted under the provisions of DPCO 95.

Prices of non-Scheduled formulations are fixed by the manufacturers themselves keeping in view the various factors like cost of production, marketing/selling expenses, R&D expenses, trade commission, market competition, product innovation, product quality etc. The Government takes corrective measures where the public interest is found to be adversely affected.

† Original notice of the question was received in Hindi.

Price increases and decreases of Scheduled formulations for last three years is given in the Statement (*See* below).

The common reasons for rise in the prices of medicines, normally stated by the industry and trade are:–

(i) rise in the price of raw materials which *inter-alia* includes increase in the raw material cost, packing material cost, conversion cost and packing charges cost;

(ii) rise in the cost of production/import;

(iii) rise in the cost of transport, freight rates;

(iv) rise in the cost of utilities like fuel, power, diesel etc.;

(v) for imported medicines, rise in the c.i.f. price and depreciation of the Rupee;

(vi) changes in taxes and duties.

The Drugs (Prices Control) Order, 1995 does not distinguish between life saving and other drugs. There are no specific norms or guidelines to determine as to which drug can be classified as life saving drugs. Every drug in general is considered useful in saving and prolonging of life.

(d) and (e) Government has constituted a Group of Ministers to examine the Draft National Pharmaceuticals Policy, 2006 which, *inter-alia*, includes the issue of price control mechanism on medicines. This Policy was submitted before the Cabinet for its approval. The Cabinet considered the Policy in its meeting held on 11.1.2007. It was decided that the matter may, in the first instance, be considered by a Group of Ministers (GoM). GoM has since been constituted and has held three meetings so far on 10.4.2007, 12.9.2007 and 30.1.2008. GoM is yet to make its recommendations to the Cabinet.

Statement

Price increase/decrease of scheduled formulations for last three years.

Unit:-Nos. of Packs

Period	No. of cases approved	Price reduced	Price increased	Price fixed for the first time*	No change in price	Total
2005-06	1018	323	94	480	41	1018
2006-07	1020	302	113	522	27	1020
2007-08	2012	396	65	1421	83	2012
GRAND TOTAL	4050	1021	272	2423	151	4050

*Prices-fixed for the first time are also price reductions. Hence total of column 3 and 5 give the total picture of price reductions.